

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Strandquist Post Office
Strandquist, Minnesota

Docket No. A2012-95

ORDER AFFIRMING DETERMINATION

(Issued March 12, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012”.¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On December 2, 2011, Eunice Rud, on behalf of Strandquist Residents, (Petitioner) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Strandquist, Minnesota post office (Strandquist post office).² The Final Determination to close the Strandquist post office is affirmed.³

II. PROCEDURAL HISTORY

On December 29, 2011, the Commission established Docket No. A2012-95 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁴

On December 19, 2011, the Postal Service filed the Administrative Record with the Commission.⁵ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁶

² Petition for Review received from Eunice Rud on behalf of Strandquist Residents regarding the Strandquist, MN Post Office 56758, December 2, 2011 (Petition).

³ The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

⁴ Order No. 1083, Notice and Order Accepting Appeal and Establishing Procedural Schedule, December 29, 2011.

⁵ The Administrative Record is attached to the United States Postal Service Notice of Filing, December 19, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Strandquist, MN Post Office and Extend Service by Rural Route Service (Final Determination).

⁶ Answering Brief in Support of the Postal Service, January 26, 2012 (Postal Service Brief).

Petitioner filed a participant statement supporting her Petition.⁷ On February 6, 2012, the Public Representative filed comments.⁸

III. BACKGROUND

The Strandquist post office provides retail postal services and service to 32 post office box customers. Final Determination at 2. One hundred fifty eight (158) delivery customers are served through this office. *Id.* The Strandquist post office, an EAS-11 level facility, provides retail service from 8:30 a.m. to 12:30 p.m. and 1:30 p.m. to 4:00 p.m., Monday through Friday, and 8:30 a.m. to 9:15 a.m. on Saturday. *Id.* Lobby access hours are 7:15 a.m. to 4:15 p.m., Monday through Friday, and 8:30 a.m. to 9:15 a.m. on Saturday. *Id.*

The postmaster position became vacant on July 31, 2009, when the Strandquist postmaster retired. *Id.* A non-career officer-in-charge (OIC) was installed to operate the office. *Id.* at 2, 6. Retail transactions average 13 transactions daily (13 minutes of retail workload). *Id.* at 2. Office receipts for the last 3 years were \$17,306 in FY 2008; \$15,339 in FY 2009; and \$12,461 in FY 2010. *Id.* There is one permit or postage meter customer. *Id.* By closing this office, the Postal Service anticipates savings of \$39,928 annually. *Id.* at 6.

After the closure, retail services will be provided by the Karlstad post office located approximately eight miles away. *Id.* at 2. Delivery service will be provided by rural route service through the Karlstad post office. *Id.* The Karlstad post office is an EAS-13 level office, with retail hours of 8:30 a.m. to 12:30 p.m. and 2:00 p.m. to 4:45 p.m., Monday through Friday, and 9:00 a.m. to 10:15 a.m. on Saturday. *Id.* One hundred forty (140) post office boxes are available. *Id.* Retail services also will be

⁷ Participant Statement received from Eunice Rud, January 26, 2012 (Participant Statement); Petitioner indicates that she did not receive Form 61 until January 9, 2012, and therefore could not submit her statement by the January 6, 2012 deadline listed in the Procedural Schedule. Petitioner's Participant Statement is accepted.

⁸ Comments of the Public Representative, February 6, 2012 (PR Comments).

available at the Newfolden post office located approximately ten miles away.⁹ The Newfolden post office is an EAS-13 level office, with retail hours of 9:00 a.m. to 11:45 a.m. and 1:00 p.m. to 4:00 p.m., Monday through Friday, and 9:00 a.m. to 10:00 a.m. on Saturday. *Id.* Sixty-six (66) post office boxes are available. *Id.* The Postal Service will continue to use the Strandquist name and ZIP Code. *Id.* at 5.

IV. PARTICIPANT PLEADINGS

Petitioner. Petitioner opposes the closure of the Strandquist post office. Petitioner contends that the Strandquist post office is a vital part of the community and its history, that driving to Karlstad is inconvenient, and that the economic savings calculations are incorrect. Petition at 1; Participant Statement at 1-2. She also asserts that many would prefer the Newfolden post office because it is located in the same county as the Strandquist post office. Petition at 1; Participant Statement at 1-2. Further, Petitioner argues that the community meeting was held at a time of day that made it difficult for many to attend. Petition at 1; Participant Statement at 1-2.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Strandquist post office. Postal Service Brief at 2. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services, (2) the impact on the Strandquist community, and (3) the economic savings expected to result from discontinuing the Strandquist post office. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Strandquist post office should be affirmed. *Id.* at 2.

The Postal Service explains that its decision to close the Strandquist post office was based on several factors, including:

- the postmaster vacancy;

⁹ *Id.* MapQuest estimates the driving distance between the Strandquist and Newfolden post offices to be approximately 11.1 miles (13 minutes driving time).

- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- minimal impact on the community; and
- expected financial savings.

Id. at 5. The Postal Service contends that it will continue to provide regular and effective postal services to the Strandquist community when the Final Determination is implemented. *Id.* at 5-6.

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioner regarding the effect on postal services, effect on the Strandquist community, economic savings, and effect on postal employees. *Id.* at 2, 13.

Public Representative. The Public Representative concludes that the Postal Service has addressed the concerns raised by Petitioner and the final determination appears to be procedurally in order. PR Comments at 1-3. She contends that the Administrative Record does not clearly state whether the Strandquist post office lease has a 30-day cancellation clause, but suggests that even if the economic savings had included lease termination costs, the Postal Service would have adequately considered the economic savings resulting from the closure. *Id.* at 2.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such

determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in providing notice of its intent to close. On June 3, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Strandquist post office. Final Determination at 2. A total of 190 questionnaires were distributed to delivery customers. *Id.* Other questionnaires were made available at the retail counter. *Id.* A total of 60 questionnaires were returned. *Id.* On June 3, 2011, the Postal Service held a community meeting at the Strandquist Community Center to address customer concerns. *Id.* Eleven customers attended. *Id.*

Petitioner argues that the community meeting would have been better attended if held in the evening. Petition at 1. The Postal Service submits that meetings scheduled during normal office hours may suit regular customers better. Postal Service Brief at 6. The Postal Service defends the time chosen to conduct the community meeting on the grounds that no one time will accommodate all customers and, for that reason, customers are afforded multiple avenues of providing their input beyond the community

meeting, including customer questionnaires, written correspondence, and customer comments. *Id.*

The Postal Service posted the proposal to close the Strandquist post office with an invitation for comments at the Strandquist, Newfolden, and Karlstad post offices from July 22, 2011 through September 22, 2011. Final Determination at 2. The Final Determination was posted at the same three post offices from October 24, 2011 through November 25, 2011. Administrative Record, Item No. 49.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Strandquist, Minnesota is an unincorporated community located in Marshall County, Minnesota. Administrative Record, Item No. 16. The community is administered politically by Strandquist. *Id.* Police protection is provided by the Marshall County Sheriff. *Id.* Fire protection is provided by Karlstad. *Id.* The community is comprised of farmers, retirees, the self-employed, and those who work in local businesses or commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Strandquist community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Strandquist post office, customers raised concerns regarding the effect of the

closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 2-5, 5-6.

Petitioner argues that the Strandquist post office is a vital part of the Strandquist community. Petition at 1. The Postal Service explains that nonpostal services will be available at the Karlstad post office, and that community bulletin boards are available for use at other Strandquist locations. Postal Service Brief at 10. The Postal Service further explains that there is no indication that Strandquist businesses will be adversely affected. *Id.* The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Strandquist postmaster retired on July 31, 2009 and that an OIC has operated the Strandquist post office since then. Final Determination at 6. It asserts that after the Final Determination is implemented, the temporary OIC may be separated and that no other Postal Service employee will be adversely affected. *Id.*

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Strandquist post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Strandquist customers. Postal Service Brief at 7. It asserts that customers of the closed Strandquist post office may obtain retail services at the Karlstad post office located eight miles away or at the Newfolden post office located ten miles away. Final Determination at 2. Delivery service will be provided by rural route service through the Karlstad post office. *Id.* The Strandquist post office box customers may obtain Post Office Box Service at the Karlstad post office, which has 140 boxes available, or at the Newfolden post office, which has 66 boxes available. *Id.*

For customers choosing not to travel to the Karlstad or Newfolden post offices, the Postal Service explains that retail services will be available from the carrier, and that most transactions do not require meeting the carrier. Postal Service Brief at 7-8. The

Postal Service adds that postage products such as stamps also are available on-line, by telephone or from community retail establishments. *Id.* at 8. The Postal Service also explains that any Strandquist permit accounts will be transferred to the Karlstad post office to receive postal services. *Id.*

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$39,928. Final Determination at 6. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$5,280) minus the cost of replacement service (\$9,631). *Id.*

Petitioner challenges the accuracy of the Postal Service's estimated economic savings. She argues that the economic savings calculation should be based on the current OIC salary, not the postmaster salary, and should include on-going lease obligations. Petition at 1.

The Postal Service argues that the Administrative Record indicates that the lease includes a 30-day termination clause. Postal Service Brief at 12; Administrative Record at Item No. 15 (Post Office Survey Sheet). Therefore, the Postal Service contends, no deduction of lease costs from the economic savings calculation is warranted. Postal Service Brief at 12.

The Strandquist post office postmaster retired on July 31, 2009. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67 United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Strandquist post office has been staffed by an OIC for approximately 2.5 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Strandquist post office is affirmed.¹⁰

It is ordered:

The Postal Service's determination to close the Strandquist, Minnesota post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary

¹⁰ See footnote 3, *supra*.

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Strandquist post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on July 31, 2009. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data were in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the

review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Strandquist, Minnesota and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since July 2009, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.

In addition, there is a discrepancy in the Administrative Record regarding the termination clause for the lease. The current lease expires on January 13, 2015. Item 15 at 1 of the Administrative Record indicates there is no termination clause, while Item 18 of the Administrative Record indicates there is a termination clause. The Postal Service should have recognized this discrepancy and resolved it in its determination. If there is no termination clause, it should note that any savings from the lease will not be realized for nearly 3 years. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Strandquist post office and should be remanded.

Nanci E. Langley